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ABSTRACT

The development of the employment-at-will doctrine is explored, along with the statutory and judicial limitations that have been steadily imposed on this common-law theory. Under the at-will doctrine, an employee who is hired for an indefinite period is subject to discharge for any reason, good or bad. An estimated two-thirds of the national work force is not covered by either labor contracts or protective legislation. The following exceptions to the at-will doctrine, that have been adopted by some states, are considered: public-policy exception, implied-contract exception, and implied covenant of good faith and fair dealing exception. Suggestions to help managers develop predischarge strategies to minimize potential liability concern: the hiring process, employment policies and practices, and termination procedures. Included is a chart that provides a state-by-state analysis of applicable exceptions to the employment-at-will doctrine. Court decisions are indicated for each state, along with whether public-policy, implied-contract, or good-faith covenant exceptions have or have not been recognized. A statement of the scope of the policy, or theoretical basis for the court's decision, is included. (SW)

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Employment At Will

A Guide to an Eroding Doctrine

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The At-Will Exceptions: State-By-State Analysis of Litigation

Introduction

Employment at will was the traditional rule in American employee relations. Under the at-will doctrine, an employee who is hired for an indefinite period is subject to discharge for any reason, good or bad. However, the scope of the at-will rule has been substantially reduced by federal legislation such as the National Labor Relations Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Equal Pay Act. Various state statutes also restrict an employer's freedom to terminate at-will employees. In addition, between 15 and 20 percent of the work force is protected by collectively bargained grievance and arbitration provisions that require "just cause" for employee terminations. Nevertheless, it is estimated that as high as two-thirds of the national work force is not covered by either labor contracts or protective legislation.

Perhaps as a result of periodic recessions and consequent economic dislocation, there has been a steady trend toward recognizing exceptions to the original common-law rule. Three general exceptions have developed. The first one to surface and still the most widely applied is the "public policy" exception. Under this exception, employees can maintain suits for wrongful discharge when an employer's conduct undermines an important public policy interest of society; as, for example, where an employee is discharged for refusing to commit perjury, for refusing to violate an environmental regulation, or for being absent from work because of jury duty.

The second exception is based on contract law. Under this exception, courts have found "implied" contracts of employment through assurances of job security set out in personnel manuals, memoranda, or other work-related documents. Courts also have found "implied" employment contracts with just-cause termination standards as a result of oral statements made by interviewers during the job-interview process or assurances given at work by supervisors.

The third exception has originated more recently than the preceding two and has been the subject of considerable debate in both case law and other literature. Courts, most notably in California, have held employers liable under this approach in both contract and tort for the breach of a covenant of "good faith and fair dealing." In jurisdictions that apply this theory, employers are subject to a good-cause standard when terminating at-will employees and sometimes are found to owe long-term employees an extra degree of care, for example, job counseling, progressive discipline, and extra chances to improve or correct poor performance.

The material presented here explores the development of the employment-at-will doctrine as well as the statutory and judicial limitations that have been steadily imposed on this common-law theory. It also offers preventive maintenance suggestions to assist managers in shaping employment policies to keep pace with the increasing erosion of the employment-at-will rule. To further this purpose, the authors have provided a state-by-state analysis of applicable exceptions to the at-will doctrine.

Development of the Employment-at-Will Doctrine

The traditional American rule that employment is at will, absent an express agreement to employ for a definite term, represents a century-old concept in employment law in the United States. The American rule evolved from the English common law which, as early as 1562, presumed that a general hiring was for one year if no duration was specified.[1] If an employee was terminated any time during the year, English courts required the employer to show that "good cause" existed for the discharge.[2]

American courts adopted the English rule in the early nineteenth century and held that the master was under a duty to employ the servant for either a specified or an implied term of service.[3] However, the rise of the Industrial Revolution in the late nineteenth century brought with it the decline of the English rule as American courts rapidly began to hold that an indefinite hiring was considered an employment terminable at will. The at-will rule has been traced to an 1877 treatise on master-servant relations by Horace Wood, in which he wrote:

> With us the rule is inflexible, that a general or indefinite hiring is *prima facie* a hiring at will, and if the servant seeks to make it out a yearly hiring, the burden is upon him to establish it by proof. A hiring at so much a day, week, month, or year, no time being specified, is an indefinite hiring and no presumption attaches that it was for a day even, but only at the rate fixed for whatever time the party may serve.[4]

Even though none of the cases cited by Wood actually supported his thesis, his view soon became the generally accepted American rule. The courts developed a doctrine, often cited as "Wood's Rule," which provided that an employer was free to fire an employee hired for an indefinite term "for good cause, for no cause, or even for cause morally wrong, without being thereby guilty of legal wrong."[5]

The at-will doctrine is under increasing attack in a growing number of states which have adopted one or more of the three major exceptions: (1) "public policy," (2) "implied contract," and (3) "implied covenant of good faith and fair dealing."

Public-Policy Exception

The public-policy exception to the at-will rule has evolved from laws that expressly prohibit the termination of employees under certain circumstances, such as a state statute (for example, California) that prohibits the discharge of an employee for serving as an election officer.[6] From such statutory expressions of public policy, an increasing number of courts have permitted employees to sue their employers for discharges that contravene a significant public-policy interest of society, even in the absence of all specific statutory prohibition. For example, the New Hampshire Supreme Court held an employer liable for discharging an employee who refused to go out with her foreman. The court reasoned that termination "motivated by bad faith or malice or based on retaliation is not [in] the best interest of the economic system or the public good and constitutes a breach of the employment contract."[7] This litigation pre-existed the Equal Employment Opportunity Commission's sexual harassment guidelines[8] and the advent of sexual harassment suits which currently would provide an independent cause of action.

Courts also have recognized a public-policy exception where an employee was fired for refusing to violate a specific statute. In *Sheets v. Teddy's Frosted Foods* (Connecticut),[9] an employee in the company's food processing section was fired for allegedly complaining to management that the company was mislabeling its food products. The court found a public-policy exception to the at-will rule, noting that the acts which the employee was required to perform would have violated food labeling statutes and exposed him to criminal penalties.[10]

In the context of whistle-blowing discharges, the practice of terminating employees in retaliation for reporting employer practices that appear to be in violation of state, local, or federal law, a number of courts have judicially declared public-policy exceptions. For example, *Palmateer v. International Harvester Co.* (Illinois)[11] involved an employee who alleged he had been fired for supplying information to the police concerning a fellow employee's criminal activities. Although the employee had no statutory duty to assist law enforcement authorities, the court held that the public policy of encouraging such cooperation protected the employee from termination. In articulating this "clearly mandated public policy," the court stated:

> There is no precise definition of the term. In general, it can be said that public policy concerns what is right and just and what affects the citizens of the State collectively. It is to be found in the State's constitution and statutes and, when they are silent, in its judicial decisions. Although there is no precise line of demarcation dividing matters that are the subject of public policies from matters purely personal, a survey of cases in other States involving retaliatory discharges shows a matter must strike at the heart of a citizen's social rights, duties, and responsibilities before the tort [of wrongful discharge] will be allowed.[12]

Other courts have been more reluctant to find public-policy exceptions outside of a statute that

clearly embodies the public conscience. The Hawaii Supreme Court has noted that "courts should proceed cautiously if called upon to declare public policy absent some prior legislative or judicial expression on the subject."[13] Nevertheless, it is doubtful that even conservative jurisdictions that have not yet adopted the public-policy exception would not be hard-pressed to find an employer liable for the firing of an employee for "cause morally wrong."

For example Texas, which is generally considered conservative in this area, adopted a public-policy exception in *Sabine Pilot Service v. Hanck*.[14] That case involved a deckhand who alleged he was fired for refusing to perform the illegal act of pumping the bilges of the boat on which he worked into the water. Although no statutes specifically protected the employee from a discharge because of refusal to illegally pollute the water, the Texas Supreme Court ruled in favor of the employee and created an exception to the at-will rule in situations in which an employee is discharged solely for refusing to perform an illegal act. Thus, even though a particular discharge may not violate a state's statutory or constitutional law, employers would be well advised to determine whether the circumstances surrounding a termination might support the finding of a public-policy exception.

Implied-Contract Exception

In general, where an employer and employee have mutually agreed on a specific term of employment and conditions providing for termination, the employment relationship is contractual in nature and not at will. An employee terminated in violation of such an express agreement may bring an action for breach of contract. However, even when an employer promises to terminate only for just cause, the "statute of frauds" may bar a breach-of-contract action. This is because in many states, oral employment agreements are unenforceable if their terms exceed one year. But some courts have interpreted the statute-of-frauds defense very narrowly in employment cases. The court in *Rowe v. Noren Palton & Foundry Co.* (Michigan)[15] refused to apply the statute of frauds to an employer's oral promise not to terminate an employee without just cause, reasoning that the agreement was not subject to the statute since the employee could have been terminated for just cause before one year passed.

Where definite terms of employment or express limitations in the individual contract of employment are absent, courts have increasingly inferred from the statements or conduct of the parties terms that limit the employer's right to discharge. These court-applied inferential findings are called "implied contracts." Factors considered by courts in determining whether an employer and employee have created an implied contract to discharge an employee only for cause include oral assurances of continued employment, made either at hiring or during the employment relationship; longevity of employment; and presence of employee performance evaluations consistently lacking in criticism, commendations, and promotions.[16] In addition, courts have found such "implied contract" terms in an employer's personnel policy statements concerning such matters as job security and employee disciplinary procedures, holding that these statements or practices become part of the contract and they serve to limit the employer's power to discharge an at-will employee.[17]

Discharged employees often base their claims of wrongful termination on statements contained in the employer's personnel policy manual. This approach was taken in *Weiner v. McGraw-Hill, Inc.* (New York).[18] The job application stated that employment would be subject to the provison of the company's "handbook on personnel policies and procedures." That provision stated that "[t]he company will resort to dismissal for just and sufficient cause only, and only after all practical steps toward rehabilitation or salvage of the employee have been taken and failed." When the employee was discharged following eight years of employment, he contended that he had left the security of his former job based on the promises set out in the employer's application and personnel manual. The New York Court of Appeals agreed and held that an employer cannot discharge an employee without just cause or rehabilitative efforts when: (1) an employee was induced to leave his or her prior job with the assurance of not being dismissed without just cause; (2) the assurance was incorporated into the employment application; (3) the employee had

rejected other offers of employment in reliance on the assurance; and (4) the personnel manual involved expressly stated that dismissal would be only for just cause and only after rehabilitation efforts had failed.

A recent case applying New York law declined to follow the *Weiner* decision where all of these elements were not present. *Falcone v. Columbia Pictures Industries, Inc.*[19] involved an employee who was fired within a year after receiving a promotion. The employee contended that his termination violated the company's policy of progressive discipline. The court upheld the discharge because the employee failed to present any evidence that he relied on the company's alleged written or oral representation at the time he accepted employment.

The following two cases further illustrate judicial responses to wrongful discharge claims based on personnel policy manuals.

In *Leikvold v. Valley View Community Hospital*,[20] the Arizona Supreme Court held that a personnel manual can become part of an employment contract. The court explained that

> [e]mployers are certainly free to issue no personnel manual at all or to issue a personnel manual that clearly and conspicuously tells their employees that the manual is not part of the employment contract and that their jobs are terminable at the will of the employer with or without reason. Such actions, either not issuing a personnel manual or issuing one with clear language of limitation, instill no reasonable expectations of job security and do not give employees any reason to rely on representations in the manual. However, if an employer does choose to issue a policy statement, in a manual or otherwise, and, by its language or by the employer's actions, encourages reliance thereon, the employer cannot be free to only selectively abide by it. Having announced a policy, the employer may not treat it as illusory.[21]

Not all courts, however, adopt the position that written personnel policies should bind employers when employees are not treated unfairly. For example, in *Cox v. Resilient Flooring Design* (California),[22] the court rejected a wrongful discharge claim based largely on the company's written policies regarding the treatment of long-term employees. After reviewing the leading cases on personnel manuals, the court warned that:

> [c]ourts should not think that the policies of the major corporations, which are so often before them by virtue of alleged breach, are the norm in the business world at large. It may be that courts are seeing mainly the leaders. In this Court's view, the interests of society are not served when judge-made law, the product of well-intentioned desire to achieve social justice, steps in front of those to whom the law applies and who are already leading the way in the same direction. To do so is to punish the leaders and reward the hindmost, when the better judicial course would be to assure that the laggards do not lag too far behind.[23]

Although some judges, as in the *Cox* case, are reluctant to bind employers to personnel policies that were developed to serve as guidelines for use by supervisors in managing employees, rather than as contractual provisions, many labor law commentators predict that the implied-contract exception will become the most "pervasive and perilous" exception to the at-will rule.[24]

Implied Covenant of Good Faith and Fair Dealing Exception

The legal theory underlying the implied covenant of good faith and fair dealing (good-faith covenant) is that neither party to an agreement should be permitted to do anything that will injure the right of the other to receive the benefit of their agreement. The good-faith covenant is an implied-in-law contract. In some jurisdictions, breach of the covenant also permits a recovery under the law of tort as has been the traditional rule with respect to the public-policy exception.[25] Thus, the good-faith covenant theory exposes employers to possible punitive damages.

The case most often cited for extending the good-faith covenant to employment-at-will contracts is the California case *Cleary v. American Airlines*.[26] *Cleary* involved an employee who was discharged after eighteen years of employment with the company. He contended that his discharge violated both an express company policy regarding employee grievances and the good-faith covenant. The court agreed:

> Termination of employment without legal cause after such a period of time offends the implied-in-law covenant of good faith and fair dealing contained in all contracts, including employment contracts. As a result of this covenant, a duty arose on the part of the employer . . . to do nothing which would deprive plaintiff, the employee, of the benefits described in the complaint as having accrued during the plaintiff's 18 years of employment.[27]

The court ruled that the employee would be entitled to recover under the contract and in tort if the employee could show that he had been terminated unjustly.

Another important case applying the good-faith covenant exception is the decision by the U.S. Court of Appeals for the Second Circuit in *Wakefield v. Northern Telecom, Inc.*[28] The Second Circuit, applying the laws of New York and New Jersey, held in *Wakefield* that the good-faith covenant does not operate to prevent an employer from discharging an at-will employee in order to avoid paying earned commissions, although it does impose liability upon the employer for payment of such commissions.

Not all courts that have recognized public-policy or implied-contract exceptions to the at-will rule have adopted the good-faith covenant. For example, the Arizona Supreme Court found in *Wagenseller v. Scottsdale Memorial Hospital*[29] that it was against public policy to terminate an employee for refusing to commit an act that might violate a state criminal statute proscribing indecent exposure. However, the court did not find that there was a good-faith covenant which imposes a duty on the employer to terminate only for "good cause." The court stated that the adoption of such a rule "would tread perilously close to abolishing completely the at-will doctrine and establishing by judicial fiat the benefits which employees can and should get *only* through collective bargaining agreements or tenure provisions."[30]

Although the good-faith covenant exception has been used significantly less than either the public-policy or implied-contract exceptions, the number of jurisdictions in which it applies has steadily increased.

Preventive Maintenance

As a result of the continuing erosion of the at-will doctrine through the public-policy, implied-contract, and good-faith covenant exceptions, termination practices which once were proper may become the basis of a claim of wrongful discharge. Thus, management must implement defensive personnel policies to counter the recent proliferation of at-will employment litigation. The following suggestions are intended to assist managers in developing predischarge strategies for minimizing potential liability.

Hiring Process

Interviews, Oral Promises. Statements or promises made by hiring personnel may bind an employer years later in a wrongful termination action. When discussing benefits and employer procedures and policies, personnel employees should be advised to avoid statements that might be interpreted by an employee as promises of job security. Comments such as "you will work for us as long as you are doing your job"[31] have supported the claims of discharged employees that their employment was intended to be permanent or subject to a just-cause standard of termination.

Applications and Contracts of Employment. Employee expectations that termination is only for just cause may be discouraged through properly designed job applications and employment agreements. If applications refer to personnel policy manuals and related documents or incorporate statements contained in such materials, they may be construed by courts as either express or implied contract terms that modify an otherwise at-will employment.[32] Disclaimers set out in job applications and which have been signed by an employee have provided the basis for rebutting employee claims of permanent job security.[33] A typical form used for this purpose is provided below:

> Employment at _____ (herein "the company" or "employer") shall be "at will" and may be terminated either by the employer or the employee with or without cause. Any oral statements or promises to the contrary are not binding upon the employer. If you believe that such a statement has been made, please confirm it with the personnel department. The employer shall not be responsible for such statements that are not confirmed by the personnel department in writing.
>
> I have read the foregoing paragraph and understand its contents.
>
> _____ Dated:_____
> (applicant or employee signature)

Although the above disclaimer may be regarded in many jurisdictions as a clear expression of an at-will employment contract, it probably would be disregarded by a court finding a public-policy exception. Some jurisdictions may ignore such disclaimers, but as a matter of legal strategy the disclaimer cannot hurt. However, the use of such disclaimers must be weighed against the possible negative impact on recruiting efforts and employee morale.

Employment Policies and Practices

Document Employee Performance. A comprehensive personnel record of employee performance may provide the basis of a defense to a wrongful-discharge action. Conferences, probationary notices, or other remedial efforts made prior to a termination should be properly recorded and maintained. If formal performance evaluations are used, they should contain true appraisals of an employee's performance. Judges and juries are much more likely to give greater credence to a string of favorable annual assessments and numerous promotions than to testimony of supervisors that an employee's performance had been less than satisfactory. Thus, supervisory personnel should be instructed to record the giving of oral admonitions and to be candid in preparing annual employee evaluations.

Institute Progressive Discipline. Discharged employees are less likely to raise claims that they were terminated without proper warning if they were instructed previously regarding grounds for termination and received progressive warnings concerning their infractions. Supervisors should watch for signs of employee work problems, such as excessive absenteeism or a drop in productivity, and advise employees in advance that their conduct, unless changed, could result in termination. In connection with progressive discipline, employers should consider establishing grievance procedures so that senior managers can review disciplinary actions and evaluations. Aside from enabling management to correct unsound disciplinary actions, such a system promotes fairness in employment decisions. Furthermore, recent Supreme Court pronouncements leave little doubt that a readily accessible, trusted, and fair grievance system is essential in establishing a defense to discrimination suits alleging sexual harassment on the part of supervisory personnel.[34]

Periodically Update Personnel Files. Employee files should be audited periodically to determine whether documents exist that should no longer be used in making personnel decisions. For example, scores from invalid or discredited tests and criticisms that reflect improper or discriminatory motives should be discarded. However, employers should consult with legal counsel before removing any materials when employment-related litigation is pending. In addition, files should be maintained so as to include the complete documentation of all personnel actions taken, especially those involving disciplinary or grievance procedures.

Instruct Interviewers and Supervisors. To promote the operation of the defensive policies discussed above, interviewers and supervisors must receive periodic training. Review the importance of avoiding potentially binding statements made at hiring or in the course of performance evaluations. Provide instruction in (1) interviewing techniques, including appropriate areas of inquiry and "do's" and "don'ts" on information dissemination; (2) maintaining personnel files; (3) conducting employee evaluations and completing the requisite documents; (4) instituting the progressive discipline system; and (5) informing employees of both the grounds for discipline or termination and the procedures available for the hearing of employee grievances or complaints.

Termination Procedures

Review Individual Discharges. Before an employee is terminated, the approval of higher-level managers should be obtained. It is recommended that the decision to terminate be reviewed for its legitimacy and its defensibility. Management is in a good position to evaluate the rationale for the termination, as well as its "fairness," and to determine whether it is being taken for legitimate, nondiscriminatory reasons. The matter must also be reviewed for its potential as a wrongful discharge action. Relevant factors to be considered include the documentation of the employee's acts, whether similar cases have received comparable treatment, and the ability of those making the decision to serve as witnesses for the company. The potential for wrongful-discharge litigation should be of significant concern.

Make the Termination as Humane as Possible. The employee most likely to sue is the one who feels angry or humiliated by the manner in which he or she was terminated, such as the employee who has the keys to the company car taken away and is left on his doorstep with all his belongings. Employees should be given reasonable notice whenever possible, and at the very least should be

given reasonable time to clean out their offices and return company property.

Develop a Severance Package. Severance payments demonstrate an employer's fairness and enable employees to better cope with the emotional and economic impact of a termination. Such arrangements can be a valuable alternative to costly litigation. Releases and covenants not to sue should be completed and executed as part of the normal procedure in finalizing severance packages. Many times the severance package may be limited to outplacement counseling.

Conclusion

The erosion of the employment-at-will doctrine places management in a precarious situation with regard to all employees. While the law in many jurisdictions still supports the proposition that at-will employees may be discharged for any reason, good or bad, the exceptions, which have become widespread and pervasive, make clear that a termination absent good cause invites litigation. To complicate matters further, employers who modernize their employment practices to reduce the possibility of improperly motivated discharges, provide potential claimants with the argument that the existence of a formal employee management system constitutes an implied contract of employment containing a just-cause standard of termination. Although courts have held that an express employment-at-will agreement of the type provided in these materials negates such a contention,[35] the best defense against wrongful discharge claims continues to be a set of personnel policies that promote the fair and just treatment of individual employees. At the very least, the fair administration of termination procedures reduces an employer's exposure to punitive damage awards. Such additional liability always has been available under the public-policy exception and the emerging good-faith covenant exception to the at-will doctrine is expanding this area of exposure.

As the at-will employment relationship continues to give way to the just-cause standard for terminations, management must keep current with the changing state of employment-at-will law in order to minimize potential wrongful discharge liabilities. To assist in this goal, the appendix contains a state-by-state analysis of the current status of the major exceptions to the employment-at-will doctrine.

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[4] E.H. Wood, *Law of Master and Servant* § 134 at 273 (1877).

[5] Blades. *Employment at Will v. Individual Freedom: On Limiting the Abusive Exercise of Employer Power,* 67 Colum. L. Rev. 1404, 1405 (1967), *quoting Payne v. Western Allegheny Railroad Co.,* 81 Tenn. (13 lea) 507, 519–520 (1884), *overruled on other grounds by Hutton v. Walters,* 132 Tenn. 527, 179 S.W. 134 (1915).

[6] *See Kouff v. Bethlehem-Alameda Shipyard,* 90 Cal. App. 2d 322, 202 P.2d 1059 (1949).

[7] *Monge v. Beebe Rubber Co.,* 114 N.H. 130, 133, 316 A.2d 549, 551 (1974).

[8] E.E.O.C. Guidelines on Discrimination Because of Sex (29 C.F.R. § 1604.11 (a)).

[9] 179 Conn. 471, 427 A.2d 385 (1980).

[10] *Id.* at 479, 427 A.2d at 388.

[11] 85 Ill. 2d 124, 421 N.E.2d 876 (1981).

[12] *id.* 85 Ill. 2d at 130, 421 N.E.2d at 878–79 (citation omitted).

[13] *Parnar v. Americana Hotels,* 65 Hawaii 370, 380, 652 P.2d 625, 631 (1982).

[14] 687 S.W.2d 733, (Tex. 1985).

[15] 91 Mich. App. 254, 283 N.W.2d 713 (1979).

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[17] *See Toussaint v. Blue Cross & Blue Shield of Michigan;* 408 Mich. 579, 292 N.W.2d 880 (1980); *Pine River State Bank v. Mettille,* 333 N.W.2d 622 (Minn. 1983).

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[19] 3rd Cir., No. 86–5209, Nov. 13, 1986.

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[21] 141 Ariz. at 548, 688 P.2d at 174.

[22] 638 F. Supp. 726 (C.D. CaL. 1986).

[23] *Id.* at 739.

[24] Lopatka, *The Emerging Law of Wrongful Discharge—A Quadrennial Assessment of the Labor Law Issue of the 80s,* 40 Bus. Law, 117 (1984).

[25] *See Noble v. National American Life Insurance Co.,* 128 Ariz. 188, 624 P.2d 866 (1981).

[26] 111 Cal. App. 3d 443, 168 Cal. Rptr. 722 (1980).

[27] *Id.* at 455, 168 Cal. Rptr. at 729.

[28] 769 F.2d 109 (2d Cir. 1985).

[29] 147 Ariz. 370, 710 P.2d 1025 (1985).

[30] *Id.* at 377, 1031 (emphasis in original).

[31] See note 16, *supra,* 116 Cal. App. 3d at 317, 171 Cal. Rptr. at 919 (1980).

[32] See note 17, *supra,* 408 Mich, at 614–14, 292 N.W.2d at 892.

[33] *See Novosel v. Sears, Roebuck & Co.,* 495 F. Supp. 344 (E.D. Mich. 1980).

[34] *Meritor Savings Bank, FSB v. Vinson,* —— U.S. ——, 106 S. Ct. 2399, 2411 (1986).

[35] *See, e.g., Shapero v. Wells Fargo Realty Advisors,* 199 Cal. Rptr. 613 (1984); *Whittaker v. Case-More, Inc.,* 621 S.W.2d 395 (Tenn. Ct. App. 1981).

Appendix

The At-Will Exceptions: State-by-State Analysis of Litigation

The following chart describes the present status of the employment-at-will doctrine according to decisions handed down by courts in each of the states. It also indicates whether public-policy, implied-contract, or good-faith covenant exceptions have been recognized. The "Scope" section of the chart explains the theoretical basis for the court's decision.

The chart is presented in alphabetical order by state. Several points should be kept in mind in using the chart as a guide. The chart reviews court decisions; it makes no attempt to review all of the laws in each state that might provide a basis for a public-policy exception. Even though some recently reported decisions have rejected attempts to erode the employment-at-will doctrine, one cannot assume that the courts will continue to maintain that position. Nor can one assume that because the courts have rejected a public-policy exception in a particular decision, the legislature will remain inactive. Finally, in many cases, the highest court in a state has not ruled on particular exceptions; lower court and federal court decisions are subject to later modification. Thus, it is essential to monitor developments in both case law and legislation on a regular basis. When questions arise as to whether an exception applies in a particular state or under particular circumstances, legal counsel should be consulted.

State	Exception	Case Law	Scope of Policy
ALABAMA	No General Public-Policy Exception	*Jones v. Ethridge*, No. 84-1025 slip. op., (Ala. Nov. 7, 1986); *Williams v. Killough*, 474 So. 2d 680 (Ala. 1985).	The Alabama Supreme Court has refused to carve out a public-policy exception to the at-will rule, and has upheld the right of an employer to discharge an employee for refusing to commit a criminal act.
	Limited Statutory Exception	Alabama Code § 12-16-8.1; § 25-5-11.1	Responding to judicial decisions, the Alabama legislature made it unlawful to fire an employee for responding to a subpoena for jury duty, filing a worker's compensation claim, or reporting a violation of a safety rule.
	No Implied-Contract Exception	*Murphree v. Alabama Farms Bureau Ins. Co.*, 449 So. 2d 1218 (Ala. 1984).	A contract for employment cannot be implied absent consideration in addition to service incident to employment. However, an insurance agent's oral agreement to move to a city within his sales territory, if proven, might support a contract for permanent employment.

State	Exception	Case Law	Scope of Policy
ALABAMA (*cont.*)		*White v. Chelsea Industries, Inc.*, 425 So. 2d 1090 (Ala. 1983); *United Steelworkers v. University of Alabama*, 599 F.2d 56 (5th Cir. 1979).	An employee handbook does not create an implied, binding contract of employment.
	No Good-Faith Covenant Exception	*Harrell v. Reynolds Metals Co.*, 495 So. 2d 1381 (Ala. 1986).	While the court recognized that every contract does imply good faith and fair dealing, the court refused to extend to the employment context the tort of bad faith that has been recognized in insurance policy cases.
ALASKA	Probable Public-Policy Exception	*Knight v. American Guard & Alert, Inc.*, 714 P.2d 788 (Alaska 1986).	While not expressly recognizing the public policy exception, the court stated that the public-policy approach is largely encompassed within the implied covenant of good faith and fair dealing recognized in Alaska.
	Probable Implied-Contract Exception	*Eales v. Tanana Valley Medical-Surgical*, 663 P.2d 958 (Alaska 1983); *Schneider v. Pay 'N Save Corp.*, 723 P.2d 619 (Alaska 1986).	Alaska courts have recognized that certain employment contracts can be terminated only for good cause. They have not yet addressed the question of whether an employer's personnel handbook is legally binding as part of an employment agreement.
	Good-Faith Covenant Exception	*Mitford v. de Lasala*, 666 P.2d 1000 (Alaska 1983).	At-will employment contracts contain an implied covenant of good faith and fair dealing. A breach of this covenant can be inferred where the employee alleged he was fired after reminding his employer that their at-will employment contract contained a 10 percent annual profit-sharing arrangement.
ARIZONA	Public-Policy Exception	*Wagenseller v. Scottsdale Memorial Hospital*, 147 Ariz. 370, 710 P.2d 1025 (1985); *Vermillion v. AAA Pro Moving & Storage*, 146 Ariz. 215, 704 P.2d 1360 (1985).	Under modified employment-at-will doctrine in state, an at-will employee may be fired for good cause or for no cause, but not for "bad" cause, *i.e.*, conduct which violates statutes, constitutional, and decisional law. The court found a "clear mandate of public policy" in a state criminal statute proscribing indecent exposure where a nurse alleged that she was terminated for refusing to participate in a skit that required her to "moon" the audience.

State	Exception	Case Law	Scope of Policy
	Implied-Contract Exception	*Wagner v. City of Globe*, 150 Ariz. 82, 722 P.2d 250 (1986); *Jeski v. American Express Co.*, 147 Ariz. 19, 708 P.2d 110 (Ariz. Ct. App. 1985).	Whether personnel rules or employer's representations in a personnel manual may become a part of the employee's contract and limit the employer's ability to discharge at-will employees is a question of fact for the jury.
	No Good-Faith Covenant Exception	*Wagenseller v. Scottsdale Memorial Hospital*, 147 Ariz. 370, 710 P.2d 1025 (Ariz. 1985).	While the covenant of good faith and fair dealing is implied in every contract, it does not impose a duty on employers to only discharge for good cause. However, the covenant does protect an employee's rights to benefits earned in the course of his employment.
ARKANSAS	Public-Policy Exception	*Lucas v. Brown & Root, Inc.*, 736 F.2d 1202 (8th Cir. 1984).	The discharge of an employee because she would not sleep with her foreman violated the public policy of Arkansas prohibiting prostitution.
	Possible Implied-Contract Exception	*French v. Dillard Dept. Stores, Inc.*, 285 Ark. 332, 686 S.W.2d 435 (1985).	The court has suggested that an at-will employment contract can be modified to impose upon the employer a duty not to discharge an employee arbitrarily or in bad faith.
CALIFORNIA	Public-Policy Exception	*Tameny v. Atlantic Richfield Co.*, 27 Cal. 3d 167, 164 Cal. Rptr. 839, 610 P.2d 1330 (1980); *see also Hentzel v. Singer Co.*, 138 Cal. App. 3d 290, 188 Cal. Rptr. 159 (1982).	The exception has been applied to a former employee who alleged that he was discharged as a result of his efforts to obtain a reasonably smoke-free work environment, and in many other cases.
	Implied-Contract Exception	*Pugh v. See's Candies, Inc.*, 116 Cal. App. 3d 311, 171 Cal. Rptr. 917 (1981); *Adelson v. Regents of University of California*, 128 Cal. App. 3d 891, 180 Cal. Rptr. 676 (1982).	Employer policies, practices, and statements can modify at-will employment doctrine and give rise to an implied promise to discharge only for cause.

State	Exception	Case Law	Scope of Policy
CALIFORNIA (*cont.*)	Good-Faith Covenant Exception	*Seamen's Direct Buying Service, Inc. v. Standard Oil Co.*, 36 Cal. 3d 752, 206 Cal. Rptr. 354, 686 P.2d 1158 (1984); *Khanna v. Microdata Corp.*, 170 Cal. App. 3d 250, 215 Cal. Rptr. 860 (1985); *Foley V. Interactive Data Corp.*, 174 Cal. App. 3d 282, 184 Cal. App. 3d 241, 219 Cal. Rptr. 866 (1985), *review granted;* 222 Cal. Rptr. 740, 712 P.2d 891 (1986), *argued on* June 16, 1986.	The law implies in *every* contract a covenant of good faith and fair dealing. Some courts in California have found the covenant only implies a duty to terminate for good cause where the employee has served satisfactorily for an extended period of time, and the employer acted contrary to its own policies and procedures. These issues are under review by the California Supreme Court.
COLORADO	Public-Policy Exception	*Winther v. DEC International, Inc.*, 625 F. Supp. 100 (D. Colo. 1985), *see Corbin v. Sinclair Marketing, Inc.*, 684 P.2d 265 (Colo. Ct. App. 1984).	An at-will employee's claim that he was terminated because he refused to enforce the employer's anticompetitive conduct falls within the public-policy exception.
	Implied-Contract Exception	*Brooks v. Trans World Airlines, Inc.*, 574 F. Supp. 805 (D. Colo. 1983). *See also, Salimi v. Farmers Ins. Group,* 684 P.2d 264 (1984).	Employers have been held contractually bound to comply with procedures set out in policy manuals distributed to employees if the employees relied on the procedures for termination, even where the employment application stated that the employee could be terminated by the employer at any time and without notice.
CONNECTICUT	Public-Policy Exception	*Sheets v. Teddy's Frosted Foods, Inc.*, 179 Conn. 471, 427 A.2d 385 (1980). *See also, Cook v. Alexander and Alexander of Conn., Inc.*, 40 Conn. Supp. 246, 488 A.2d 1295 (Conn. Super Ct. 1985).	The discharge of an at-will employee who was terminated for insisting that his employer comply with state labeling laws violated public policy.
	Possible Implied-Contract Exception	*Finley v. Aetna Life and Casualty Co.*, 5 Conn. App. 394, 499 A.2d 64 *cert. granted,* 198 Conn. 802, 501 A.2d 1213 (1985); *D'Ulisse-Cupo v. Board of Directors of Notre Dame High School,* 6 Conn. App. 153, 503 A.2d 1192, *cert. granted,* 199 Conn. 806, 508 A.2d 32 (1986).	Under appropriate circumstances, an employment manual may restrict an employer's right to terminate an otherwise at-will employee. The courts also have applied the doctrine of promissory estoppel and held that an employer may be bound by an implied promise to fire an employee only for cause if the employee reasonably relies on that promise.

State	Exception	Case Law	Scope of Policy
	No Good-Faith Covenant Exception	*Magnan v. Anaconda Industries, Inc.*, 193 Conn. 558, 479 A.2d 781 (1984), *reversing Magnan v. Anaconda Industries, Inc.*, 37 Conn. Supp. 38, 429 A.2d 492 (Conn. Super. Ct. 1980).	The good-faith covenant is not applicable where the employment is clearly terminable at will. A party ordinarily cannot be deemed to lack good faith in exercising his contractual right under such an employment contract.
DELAWARE	Public-Policy Exception	*Heller v. Dover Warehouse Market, Inc.*, 515 A.2d 178 (Del. Super. Ct. 1986).	The antipolygraph statute implied a private cause of action, which was necessary to assure its effectiveness. Court held that the at-will doctrine must yield to applicable constitutional and statutory prescriptions which support a private cause of action.
	No Implied-Contract Exception	*Heideck v. Kent General Hospital, Inc.*, 446 A.2d 1095 (Del. 1982).	An employer's personnel manual which did not grant a specific term of employment to any employee did not alter the at-will status of an employee hired for an indefinite duration.
DISTRICT OF COLUMBIA	Possible Public-Policy Exception	*Newman v. Legal Services Corp.*, 628 F. Supp. 535 (D.D.C., 1986). *Contra, Parker v. National Corp. for Housing Partnerships*, 619 F. Supp. 1061 (D.D.C. 1985).	One federal court has held that the District of Columbia would recognize a public-policy exception when the discharge is contrary to legislation, administrative rules or regulations and judicial decisions.
	Implied-Contract Exception	*Washington Welfare Association, Inc. v. Wheeler*, 496 A.2d 613 (D.C. 1985); *Downey v. Firestone Tire & Rubber Co.*, 630 F. Supp. 676, (D.D.C. 1986).	A personnel manual provides evidence of the terms and conditions of employment which both the employer and the employee agree to. It is up to a jury to decide whether provisions of a personnel manual are a contract of employment.
	No Good Faith Covenant Exception	*Parker v. National Corp. for Housing Partnerships*, 619 F. Supp. 1061 (D.D.C. 1085).	The good-faith covenant theory cannot support a claim for wrongful discharge in D.C.
FLORIDA	Limited Public-Policy Exception by Statute	*Smith v. Piezo Technology and Professional Administrators*, 427 So. 2d 182 (Fla. 1983); *Crawford v. David Shapiro & Co., P.A.*, 490 So. 2d 993 (Fla. Dist. Ct. App. 1986).	A cause of action for wrongful discharge may be maintained when the grounds for discharge have been condemned by the legislature, such as the Florida statute prohibiting discharge or threat of discharge for filing a valid workmen's compensation claim.

State	Exception	Case Law	Scope of Policy
FLORIDA (*cont.*)	Probably No Implied-Contract Exception	*Bryant v. Shands Teaching Hospital and Clinics, Inc.* 479 So. 2d 165 (Fla. Dist. Ct. App. 1985); *Muller v. Stromberg Carlson Corp.*, 427 So. 2d 266 (Fla. Dist. Ct. App. 1983). *But see Falls v. Lawnwood Medical Center*, 427 So. 2d 361 (Fla. Dist. Ct. App. 1983).	Under Florida law, an employee is terminable at will absent an express term of employment. The grievance procedures in employee manuals generally have been held not to constitute employment contracts.
GEORGIA	No Public-Policy Exception	*Evans v. Bibb Co.*, 178 Ga. App. 139, 342 S.E.2d 484 (1986); *Goodroe v. Georgia Power Co.*, 148 Ga. App. 193, 251 S.E.2d 51 (1978).	There is no public-policy exception to the statutory rule that an indefinite hiring may be terminated at will by either party, even where an employee alleges he was discharged for the reporting of his supervisor's criminal activities or for filing worker's compensation claims.
	Probably No Implied-Contract Exception	*Shannon v. Huntley's Jiffy Stores, Inc.*, 174 Ga. App. 125, 329 S.E.2d 208 (1985).	In the absence of a written contract of employment, an employee is terminable at will and has no cause of action for wrongful termination. However, the court recognized that policies in an employee handbook can form a part of the employee's contract of employment and bind the employee. Georgia courts have not considered whether employee handbooks alone can constitute employment contracts.
	No Good-Faith Covenant Exception	*Gunn v. Hawaiian Airlines, Inc.*, 162 Ga. App. 474, 291 S.E.2d 779 (1982).	Georgia common law does not recognize an exception to the at-will employment statute based on the theory that a duty of good faith is implied in all contracts.
HAWAII	Public-Policy Exception	*Parnar v. Americana Hotels, Inc.*, 65 Hawaii 370, 652 P.2d 625 (1982).	The alleged discharge of an at-will employee to prevent her from testifying before a grand jury investigating antitrust violations would be against public policy.
	Implied-Contract Exception	*Kinoshita v. Canadian Pacific Airlines, Ltd.*, 724 P.2d 110 (Hawaii 1986).	An employer who issued a comprehensive set of personnel rules in order to stave off a union organizing campaign is obligated to follow those rules when disciplining at-will employees.
	No Good-Faith Covenant Exception	*Parnar v. Americana Hotels, Inc.*, 65 Hawaii 370, 652 P.2d 625 (1982).	An implied duty to terminate in good faith would subject each discharge to judicial incursion into the amorphous concept of bad faith.

State	Exception	Case Law	Scope of Policy
IDAHO	Public-Policy Exception	*Jackson v. Minidoka Irrigation Dist.*, 98 Idaho 330, 563 P.2d 54 (1977).	The employment-at-will doctrine is not an absolute bar to wrongful discharge actions, especially where the employer's motivation for such discharge contravenes public policy.
	Implied-Contract Exception	*Jones v. E.G. & G. Idaho, Inc.*, 109 Idaho 400, 707 P.2d 511 (Idaho Ct. App. 1985), *aff'd*, 726 P.2d 703 (Idaho 1986).	An employer is obligated to follow published disciplinary rules of behavior.
ILLINOIS	Public-Policy Exception	*Barr v. Kelso-Burnett Co.*, 106 Ill. 2d 520, 478 N.E.2d 1354 (1985); *Johnson v. World Color Press, Inc.*, 147 Ill. App. 3d 746, 498 N.E.2d 575 (1986).	Terminating an employee for filing a worker's compensation claim is a socially undesirable motive for discharge. Lower courts have been wary of expanding the wrongful discharge tort, but it has been applied to an employee allegedly fired for reporting violations of federal securities laws.
	Possible Implied-Contract Exception	*Pundt v. Millikin University*, 145 Ill. App. 3d 990, 496 N.E.2d 291 (1986); *Carter v. Kaskaskia Community Action Agency*, 24 Ill. App. 3d 1056, 322 N.E.2d 574 (1974). *Contra Enis v. Continental Illinois National Bank*, 582 F. Supp. 876 (N.D. Ill. 1984), *aff'd*, 795 F.2d 3[illegible] (7th Cir. 1986).	Lower courts in Illinois are divided as to whether an employee manual or handbook can constitute or become part of an employment contract and modify the at-will doctrine.
	No Good-Faith Covenant Exception	*Martin v. Federal Life Ins. Co.*, 109 Ill. App. 3d 596, 440 N.E.2d 998 (1982).	An employee alleged that the employer promised him permanent employment if he rejected a competing job offer. Although the court ruled that the employee could maintain a claim for breach of an oral employment contract, it declined to recognize a claim for breach of the good-faith covenant.
INDIANA	Limited Public-Policy Exception	*Morgan Drive Away, Inc. v. Brent*, 49 N.E.2d 933 (Ind. 1986); *Campbell v. Eli, Lilly & Co.*, 413 N.E.2d 1054 (Ind. App. 1980).	An exception to the at-will employment rule is recognized only where an employee is discharged in retaliation for either having exercised a statutorily conferred personal right (filing a claim under the worker's compensation act) or for having fulfilled a statutorily imposed duty. Indiana courts have rejected claims of wrongful discharge in retaliation for having reported an employer's illegal practices, stating that revision or rejection of the at-will doctrine is to be left to the legislature.

State	Exception	Case Law	Scope of Policy
INDIANA (*cont.*)	No Implied-Contract Exception	*Romack v. Public Service Co. of Indiana, Inc.*, 499 N.E.2d 768 (Ind. App. 1986); *Shaw v. S.S. Kresge Co.*, 167 Ind. App. 1, 328 N.E.2d 775 (1975).	In the absence of an agreement between the employer and the employee that the employment will be for a definite duration, the employment is at-will. The existence of employee handbooks which set out certain procedures to be followed in disciplining and terminating employees does not affect the at-will relationship.
	No Good-Faith Covenant Exception	*Hamblen v. Danners, Inc.*, 478 N.E.2d 926 (Ind. Ct. App. 1985).	Indiana common law does not recognize that an employer owes a duty of good faith and fair dealing to an employee at-will.
IOWA	Possible Public-Policy Exception	*Northrupt v. Farmland Industries, Inc.*, 372 N.W.2d 193 (Iowa 1985); *Abrisz v. Pulley Freight Lines, Inc.*, 270 N.W.2d 454 (Iowa 1978).	While never expressly recognizing the public policy exception, the Iowa Supreme Court has indicated that it might recognize the exception under the proper circumstances, particularly where the violation is of an independent statutory policy. Writing a letter supporting another employee's unemployment benefit claim was insufficient grounds for applying the exception.
	Limited Implied-Contract Exception	*Albert v. Davenport Osteopathic Hospital*, 385 N.W.2d 237 (Iowa 1986); *Luft v. Sears Roebuck & Co.*, 117 L.R.R.M. 2704 (Iowa Dist. Ct. 1984).	An exception to the general rule of at-will employment exists where the employee furnishes consideration in addition to his services. In that case, a contract for permanent or lifetime employment is valid and enforceable and continues to operate as long as the employer remains in business and has work for the employee and so long as the employee performs competently. No other exception has been recognized. It has been held that a personnel manual which listed types of conduct that might result in termination did not create a right to be discharged only for cause.
	Possible Good-Faith Covenant Exception	*High v. Sperry Corp.*, 581 F. Supp. 1246 (S.D. Iowa 1984).	One federal court has held that an allegation that an employee was discharged because of his age in violation of the good-faith covenant might state a claim under Iowa common law.
KANSAS	Public-Policy Exception	*Murphy v. City of Topeka-Shawnee County Dept. Labor Services*, 6 Kan. App. 2d 488, 630 P.2d 186 (1981); *Kistler v. Life Care Centers of America, Inc.*, 620 F. Supp. 1268 (D. Kan. 1985).	The Kansas Supreme Court recognized a limited public policy exception where an employee was discharged in retaliation for having filed a worker's compensation claim. One federal court has extended this exception to protect employees who testify at unemployment compensation hearings.

State	Exception	Case Law	Scope of Policy
	Implied-Contract Exception	*Allegri v. Providence-St. Margaret Health Center*, 9 Kan. App. 2d 659, 684 P.2d 1031 (1984); *Kistler v. Life Care Centers of America, Inc.*, 620 F. Supp. 1268 (D. Kan. 1985). *But see Johnson v. National Beef Packing Co.*, 220 Kan. 52, 551 P.2d 779 (1976).	In the absence of an express or implied contract for a specific duration, the employment is at-will. An employee handbook that provided a list of grounds for termination is one of several factors that a jury could use to find an implied contract of employment.
KENTUCKY	Public-Policy Exception	*Grzyb v. Evans*, 700 S.W.2d 399 (Ky. 1985).	Absent an explicit legislative statement prohibiting discharge, the exception applies only where the alleged reason for discharge was either an employee's failure or refusal to violate a law during employment or where the discharge was for the employee's exercise of a statutory right.
	Implied-Contract Exception	*Shah v. American Synthetic Rubber Corp.*, 655 S.W. 2d 489 (Ky. 1983).	An employee who survived the company's 90-day probationary period could be fired only for cause in accordance with the company's policies and procedures.
LOUISIANA	No Public-Policy Exception	*Gil v. Metal Service Corp.*, 412 So. 2d 706 (La. Ct. App. 1982), *writ denied*, 414 So. 2d 379 (La. 1982).	An at-will management employee discharged for protesting the employer's alleged practice of shipping foreign steel to customers who had ordered domestic steel may not maintain a tort claim for wrongful discharge based on the theory that public policy prohibits terminations for refusing to perform illegal acts.
	No Implied-Contract Exception	*Griffith v. Sollay Foundation Drilling, Inc.*, 373 So. 2d 979 (La. Ct. App. 1979).	An employer was not required to show just cause for the discharge of an employee hired for no specified term, even though the employee understood the employment to be permanent and relied on that understanding when moving into the state.
MAINE	Possible Public-Policy Exception	*Larrabee v. Penobscot Frozen Foods, Inc.*, 486 A.2d 97 (Me. 1984).	The Supreme Court of Maine has not ruled out the possible recognition of a cause of action when the discharge of an employee contravenes some strong public policy. They did not recognize such a cause of action in the case of a discharge of an employee who brought a worker's compensation claim, because the Worker's Compensation Act provides its own remedy.

State	Exception	Case Law	Scope of Policy
MAINE (*cont.*)	Implied-Contract Exception	*Wyman v. Osteopathic Hospital of Maine, Inc.*, 493 A.2d 330 (Me. 1985); *Larrabee v. Penobscot Frozen Foods*, 486 A.2d 97 (Me. 1984).	Parties may enter into an employment contract terminable only pursuant to its terms, or for good cause, by clearly stating their intention to do so, even though there is no consideration other than the services to be performed by the employee.
	No Good-Faith Covenant Exception	*Poirier v. Sears, Roebuck & Co.*, 116 L.R.R.M. 2086 (Me. Super. Ct. 1983).	An employee who was discharged for allegedly dishonest or unauthorized activities may not maintain a claim for breach of an implied covenant, when the covenant has not been recognized by the Maine Supreme Court.
MARYLAND	Public-Policy Exception	*Moniodis v. Cook*, 64 Md. App. 1, 494 A.2d 212 (Md. Ct. Spec. App. 1985), *cert. denied*, 304 Md. 631, 500 A.2d 649 (1985); *Adler v. American Standard Corp.*, 291 Md. 31, 432 A.2d 464 (1981).	An employer's discharge of an at-will employee for refusing to submit to a polygraph examination constituted a violation of a "clear mandate" of public policy where a statute prohibited polygraph testing as a condition of employment. Other successful claims have been based on the Workman's Compensation Act and the U.S. Constitution.
	Implied-Contract Exception	*Staggs v. Blue Cross of Maryland*, 61 Md. App. 381, 486 A.2d 798 (1985), *cert. denied*, 303 Md. 295, 493 A.2d 369 (1985); *Castiglione v. Johns Hopkins Hospital*, 69 Md. App. 325, 517 A.2d 786 (1986).	Employer policy statements which limit an employer's discretion to terminate an employee or set forth a procedure for termination, if properly expressed and communicated to the employee, become contractual undertakings and are enforceable.
MASSACHUSETTS	Public-Policy Exception	*Gram v. Liberty Mutual Insurance Co.*, 384 Mass. 659, 429 N.E.2d 21 (1981).	The court recognized that termination of an at-will employee could give rise to a claim for a "bad faith" discharge where the reason for the termination was contrary to public policy.
	Possible Implied-Contract Exception	*Bouzianis v. U.S. Air, Inc.*, 120 L.R.R.M. 2927 (D. Mass. 1985); *Garrity v. Valley View Nursing Home*, 10 Mass. App. 822, 406 N.E.2d 423 (1980).	Massachusetts courts have enforced employee manuals when there is a separate contract in existence, but it is unclear whether an employee manual, standing alone, can constitute an enforceable contract.

State	Exception	Case Law	Scope of Policy
	Good-Faith Covenant Exception	*Gram v. Liberty Mutual Insurance Co.*, 391 Mass. 333, 461 N.E.2d 796 (1984); *McCone v. New England Tel. & Tel. Co.*, 393 Mass. 231, 471 N.E.2d 47 (1984); *Fortune v. National Cash Register Co.*, 373 Mass. 96, 364 N.E.2d 1251 (1977).	While an action for breach of the covenant is recognized, it has usually been applied to allow at-will employees to recover commissions already earned. Damages are limited to the loss of compensation for past services to prevent a windfall to the employer. Future compensation for future services is not recoverable.
MICHIGAN	Public-Policy Exception	*Watassek v. Michigan Dept. of Mental Health*, 143 Mich. App. 556, 372 N.W.2d 617 (1985).	Former employee allegedly fired for reporting patient abuse could maintain a claim for wrongful discharge under the Whistleblower's Protection Act (Mich. Comp. Laws § 15.361 *et. seq.*; Mich. Stat. Ann. § 17.428(1) *et. seq.* (Callaghan)). Even though alleged incident occurred prior to Act, the Statute is evidence of a recognized public policy pre-existing its actual enactment.
	Implied-Contract Exception	*Toussaint v. Blue Cross & Blue Shield*, 408 Mich. 579, 292 N.W.2d 880 (1980); *Brewster v. Martin-Marietta Aluminum Sales, Inc.*, 145 Mich. App. 641, 378 N.W.2d 558 (1985).	A breach of contract may be based upon a personnel manual which contains a "just cause" standard for termination. An implied contract may also be found from a manager's statement that an employee had her position "as long as she did her job."
MINNESOTA	Public-Policy Exception	*Phipps v. Clark Oil and Refining Corp.*, N.W.2d (Minn. Ct. App. 1986).	Employee terminated for refusing to violate a law has a cause of action for wrongful discharge against his employer under a public policy exception.
	Implied-Contract Exception	*Pine River State Bank v. Mettille*, 333 N.W.2d 622 (Minn. 1983).	Termination procedures outlined in the handbook distributed to all employees were contractually binding on the employer.
	No Good-Faith Covenant Exception	*Hunt v. IBM Mid-America Employees' Federal Credit Union*, 384 N.W.2d 853 (Minn. 1986); *Wild v. Rarig*, 302 Minn. 419, 234 N.W.2d 775 (1975), *cert. denied*, 424 U.S. 902 (1976).	The implied covenant of good faith and fair dealing has not generally been read into employment contracts.
MISSISSIPPI	No Public-Policy Exception	*Kelly v. Mississippi Valley Gas Co.*, 397 So. 2d 874 (Miss. 1981).	Court declined to recognize the public policy exception to the employment-at-will doctrine where the employee alleged he was discharged for filing a worker's compensation claim.

State	Exception	Case Law	Scope of Policy
MISSISSIPPI (*cont.*)	No Implied-Contract Exception	*Shaw v. Burchfield*, 481 So. 2d 247 (Miss. 1985).	Where an employment contract provided for termination without cause upon 10 days notice, but the practice of the employer was to terminate only for cause, the court held that where there was no formal policy to modify the at-will termination clause, it was binding. However, the court stated that it might reconsider the at-will termination rule under other facts.
MISSOURI	Public-Policy Exception	*Hansome v. Northwestern Cooperage Co.*, 679 S.W.2d 273 (Mo. banc 1984); *Beasley v. Affiliated Hospital Products*, 713 S.W. 2d 557 (Mo. Ct. App. 1986); *Boyle v. Vista Eyeware, Inc.*, 700 S.W.2d 859 (Mo. Ct. App. 1985).	An at-will employee has a cause of action for wrongful discharge when he is discharged for exercising a right under the Worker's Compensation Statute. Two courts have gone further and recognized a cause of action when an employee is discharged in violation of a clear mandate of public policy, such as filing complaints with OSHA or refusing to commit a criminal act.
	Implied-Contract Exception	*Enyeart v. Shelter Mutual Insurance Co.*, 693 S.W.2d 120 (Mo. Ct. App. 1985); *Arie v. Intertherm, Inc.*, 648 S.W.2d 142 (Mo. Ct. App. 1983).	An employer's unilateral adoption of disciplinary procedures can create the equivalent of a contract with employees.
MONTANA	Public-Policy Exception	*Keneally v. Orgain*, 186 Mont. 1, 606 P.2d 127 (1980).	Montana recognizes the public-policy exception to the employment-at-will doctrine but did not find any policy violated where an employee was discharged for allegedly providing inadequate service to customers.
	Possible Implied-Contract Exception	*Gates v. Life of Montana Ins. Co.*, 196 Mont. 178, 638 P.2d 1063 (1982); *appeal after remand* 668 P.2d 213 (Mont. 1983).	An employee handbook distributed to an employee after the date of hiring does not create an enforceable contract regarding the terms and conditions of employment. However, the court also has stated that the good-faith covenant exists apart from, and in addition to, any terms agreed to by the parties.
	Good-Faith Covenant Exception	*Dare v. Montana Petroleum Marketing Co.*, 687 P.2d 1015 (Mont. 1984).	The good-faith covenant may be inferred from an employer's statements to an at-will service station employee that she was doing a good job and was likely to receive a pay raise and become a station manager.

State	Exception	Case Law	Scope of Policy
NEBRASKA	No Public-Policy Exception	*Mueller v. Union Pacific Railroad*, 220 Neb. 742, 271 N.W.2d 732 (1985).	Nebraska has considered but has not yet recognized the public policy exception. In the cause of the discharge of an employee for allegedly reporting wrongdoing by a manager, the court found that any alleged wrongdoing could not be implied to the company.
	Implied-Contract Exception	*Mueller v. Union Pacific Railroad*, 220 Neb. 742, 271 N.W.2d 732 (1985); *Morris v. Lutheran Medical Center*, 215 Neb. 677, 340 N.W.2d 382 (1983).	Under certain circumstances the termination-at-will rule is subject to modification by promises outside the employment agreement itself. The grievance procedure contained in an employer's handbook can place a contractual restriction on the employer's right of discharge.
NEVADA	Public-Policy Exception	*Hansen v. Harrah's*, 100 Nev. 60, 675 P.2d 394 (1984).	Employers may not discharge injured at-will employees who file worker's compensation claims since such terminations would frustrate the statutory scheme for compensating employees for work-related injuries.
	Implied-Contract Exception	*Southwest Gas Corp. v. Ahmad*, 99 Nev. 594, 668 P.2d 261 (1983).	An employee handbook issued by the employer, upon which the employees relied, can form the basis for an employment contract modifying the employer's right to discharge at will.
	Good-Faith Covenant Exception	*Savage v. Holiday Inn Corp., Inc.*, 603 F. Supp. 311 (D. Nev. 1985).	An employee who alleged that she was discharged on account of her age and sex may maintain a claim for breach of the implied covenant of good faith and fair dealing present in employment contracts.
NEW HAMPSHIRE	Public-Policy Exception	*Cilley v. New Hampshire Ball Bearings, Inc.*, 514 A.2d 818 (N.H. 1986); *Monge v. Beebe Rubber Co.*, 114 N.H. 130, 316 A.2d 549 (1974).	A plaintiff has a cause of action for wrongful discharge if he is discharged because he performed an act that public policy would encourage, or refused to do that which public policy would condemn. Examples include an employee who refused to socialize with a foreman, an employee who filed a civil suit against his employer for dog-bite injuries suffered by his son, and an employee who refused to lie on behalf of a company official.
	Possible Implied-Contract Exception	*Foley v. Community Oil Co.*, 64 F.R.D. 561 (D.N.H. 1974).	The court held that a discharged employee's longevity of service and the relocation of his family at his employer's request implied the possible existence of a contract.

State	Exception	Case Law	Scope of Policy
NEW JERSEY	Public-Policy Exception	*Lally v. Copygraphics*, 85 N.J. 668, 428 A.2d 1317 (1981); *Kalman v. Grand Union Co.*, 183 N.J. Super. 153, 443 A.2d 728 (App. Div. 1982).	Public policy exception to the at-will rule applies to discharges for filing worker's compensation claims. A subsequent case involved a pharmacist discharged for adhering to state pharmacy regulations and codes of professional ethics.
	Implied-Contract Exception	*Woolley v. Hoffmann-La Roche, Inc.*, 99 N.J. 284, 491 A.2d 1257 (1985).	Termination procedures contained in a personnel policy manual can be found to be contractually enforceable. Where an employer of substantial numbers of employees circulates such a manual, courts, instead of "grudgingly" conceding the binding nature of termination procedures, should construe them in accordance with the reasonable expectation of the employees.
NEW MEXICO	Public-Policy Exception	*Vigil v. Arzola*, 102 N.M. 682, 699 P.2d 613 (N.M. Ct. App. 1983); *Williams v. Amax Chemical Corp.*, 104 N.M. 293, 720 P.2d 1234 (1986).	A cause of action exists when the discharge of an employee contravenes some clear mandate of public policy. However, where the legislature has failed to provide a remedy for retaliation for filing under the Workmen's Compensation Act, no tort remedy will be implied.
	Implied-Contract Exception	*Forrester v. Parker*, 93 N.M. 781, 606 P.2d 191 (1980); *Hernandez v. Home Education Livelihood Program, Inc.*, 98 N.M. 125, 645 P.2d 1381 (N.M. Ct. App. 1982), *cert. denied*, 98 N.M. 336, 648 P.2d 794 (1982).	An employee may reasonably expect her employer to conform to the procedures outlined in a personnel guide. Such procedures created an implied contract of employment between the employer and the employee.
NEW YORK	No Public-Policy Exception	*Murphy v. American Home Products Corp.*, 58 N.Y.2d 293, 448 N.E.2d 86, 461 N.Y.S.2d 232 (1983).	New York does not recognize an abusive-discharge claim based on alleged violation of public policy. The court declared that such a significant change in the law is best left to the legislature.
	Implied-Contract Exception	*Weiner v. McGraw-Hill, Inc.*, 57 N.Y.2d 458, 443 N.E.2d 441, 457 N.Y.S.2d 193 (1982).	An at-will employee who alleged that he was terminated in violation of the employer's personnel manual which provided that dismissals must be for just and sufficient cause and only after rehabilitative efforts have failed may maintain a claim for breach of the employment contract.

State	Exception	Case Law	Scope of Policy
	No Good-Faith Covenant Exception	*Murphy v. American Home Products Corp.*, 58 N.Y.2d 293, 448 N.E.2d 86, 461 N.Y.S.2d 232 (1983); *Wakefield v. Northern Telecom, Inc.*, 769 F.2d 109 (2d Cir. 1985).	The good-faith covenant cannot be used to imply an obligation to terminate only for just cause when the relationship is otherwise at will. However, the parties may by express agreement limit or restrict the employer's right to discharge, and the covenant of good faith is implied by the law where necessary to effectuate the intent of the parties expressed in their agreement.
NORTH CAROLINA	Public-Policy Exception	*Sides v. Duke University*, 74 N.C. App. 331, 328 S.E.2d 818 (1985), *review denied*, 314 N.C. 331, 333 S.E.2d 490 (1985); *Walker v. Westinghouse Electric Corp.*, 77 N.C. App. 253, 335 S.E.2d 79 (1985).	A public policy exception was recognized where an employee was discharged in retaliation for her refusal to perjure herself and withhold information in a trial involving a hospital's medical staff. A subsequent case indicated that the retaliatory conduct must be in clear violation of an express public policy to be actionable. The court refused to apply the exception to a general allegation that the employee was discharged for raising safety concerns.
	Possible Implied-Contract Exception	*Trought v. Richardson*, 78 N.C. App. 758, 338 S.E.2d 617, *rev. denied*, 316 N.C. 557, 344 S.E.2d 18 (1986). *Contra Walker v. Westinghouse Electric Corp.*, 77 N.C. App. 253, 335 S.E.2d 79 (1985).	Unilaterally implemented employment manuals and policies do not become part of the employment contract unless expressly included in it. At least one court has held that an employee's allegations that a hospital policy manual providing that discharge would only be for cause was made a part of her employment contract were sufficient to overcome a motion to dismiss. North Carolina courts also recognize that if an employee gives some consideration in addition to the usual obligation of service, a contract for an indefinite term may become a contract for as long as the services are satisfactorily performed.
	No Good-Faith Covenant Exception	*Walker v. Westinghouse Electric Corp.*, 77 N.C. App. 253, 335 S.E.2d 79 (1985).	The good-faith covenant does not limit a general hiring for an indefinite term.
NORTH DAKOTA	No Public-Policy Exception	*Lee v. Walstad*, 368 N.W.2d 542 (N.D. 1985).	The court stated that even if it were inclined to adopt a public policy exception in an appropriate case, it would not do so where the plaintiff had defined no clear public policy violated by his removal from office.

State	Exception	Case Law	Scope of Policy
NORTH DAKOTA (*cont.*)	Implied-Contract Exception	*Stensrud v. Mayville State College*, 368 N.W.2d 519 (N.D. 1985).	Oral assurances by employer's agents and the terms of a personnel manual created a binding obligation on the part of the employer to provide employees with severance pay.
	Possible Good-Faith Covenant Exception	*Bakken v. North American Coal Corp.*, 641 F. Supp. 1015 (D.N.D. 1986).	One federal court has stated that North Dakota would recognize an action in contract for breach of an implied covenant of good faith in an employment-at-will contract.
OHIO	No Public-Policy Exception	*Phung v. Waste Management, Inc.*, 23 Ohio St. 3d 100, 491 N.E.2d 1994 (1986).	No public policy exception to the at-will rule has been recognized in Ohio, and the court declined to do so in a case where the employee made only vague allegations that he was discharged after reporting to his employer that the employer was violating certain unspecified legal and societal obligations.
	Implied-Contract Exception	*Mers v. Dispatch Printing Co.*, 19 Ohio St. 3d 100, 43 N.E.2d 150 (1985).	The facts and circumstances surrounding an oral at-will agreement can be considered by the trier of fact to determine whether the agreement's explicit and implicit terms limit the right of the employer to discharge the employee. These circumstances may include provisions in an employment manual and oral assurances that employees will be terminated only for just cause. The doctrine of promisory estoppel can also be used to limit what are otherwise oral employment-at-will agreements.
	No Good-Faith Covenant Exception	*Mers va. Dispatch Printing Co.*, 19 Ohio St. 3d 100, 43 N.E. 2d 150 (1985).	While not expressly discussing the covenant, the Supreme Court of Ohio held that it would not abandon the employment-at-will doctrine and add a blanket just-cause requirement.
OKLAHOMA	Implied-Contract Exception	*Vinyard v. King*, 728 F.2d 428 (10th Cir. 1984); *see Langdon v. Saga Corp.*, 569 P.2d 425 (Okla. Ct. App. 1976).	A hospital employee alleged that she was discharged in violation of an employee handbook provision which stated that a permanent employee could not be discharged without cause. The federal court held that under Oklahoma law the provisions of an employee handbook can constitute a contract defining the employer-employee relationship.

State	Exception	Case Law	Scope of Policy
	Good-Faith Covenant Exception	*Grayson v. American Airlines*, 803 F.2d 1097 (10th Cir. 1986); *Hall v. Farmers Insurance Exchange*, 713 P.2d 1027 (Okla. 1986).	Oklahoma courts recognize an implied covenant of good faith in all contractual dealings, including at-will employment contracts.
OREGON	Public-Policy Exception	*Nees v. Hocks*, 272 Or. 210, 536 P.2d 512 (1975).	An at-will employee who alleged that she was discharged for taking time off to serve on jury duty stated a claim for wrongful discharge.
	Implied-Contract Exception	*Simpson v. Western Graphics Corp.*, 293 Or. 96, 643 P.2d 1276 (1982); *Yartzoff v. Democrat-Herald Publishing Co.*, 281 Or. 651, 576 P.2d 356 (1978).	An employee handbook which includes a "just cause" standard for termination is enforceable. The court's role is to determine whether there is substantial evidence to support the employer's decision and that the employer had a good-faith belief that the termination was for just cause.
PENNSYLVANIA	Public-Policy Exception	*Novosel v. Nationwide Insurance Co.*, 721 F.2d 894 (3d. Cir. 1983); *Darlington v. General Electric*, 350 Pa. Super. 183, 504 A.2d 306 (1986); *Geary v. United States Steel Corp.*, 456 Pa. 171, 319 A.2d 174 (1974).	Pennsylvania recognizes a narrow public policy exception to the at-will rule in the absence of a statutory remedy when important and well-recognized facets of public policy are at stake, such as an employee who is discharged for refusing to participate in his employer's lobbying in the state legislature, or where an employee accepts jury service.
	Implied-Contract Exception	*Wolk v. Saks Fifth Avenue, Inc.*, 728 F.2d 221 (3d Cir. 1984); *contra Richardson v. Charles Cole Memorial Hospital*, 320 Pa. Super. 106, 466 A.2d 1084 (1983); *see also Banas v. Matthews International Corp.*, 348 Pa. Super. 464, 502 A.2d 637 (1985).	Federal courts applying Pennsylvania law have held that an employer's custom, practice or policy can create either a contractual just-cause requirement or contractual procedures which the employer must follow. However, most Pennsylvania lower courts have declined to find that an employee handbook can create an enforceable contract.
	No Good-Faith Covenant Exception	*Bruffett v. Warner Communications*, 692 F.2d 910 (3d Cir. 1982); *Braun v. Kelsey-Hayes*, 1 IER Cases 765 (E.D. Pa. 1986).	Pennsylvania has not implied a covenant of good faith into at-will employment contracts.
PUERTO RICO	Statutory Exception	*Vargas v. Royal Bank of Canada*, 604 F. Supp. 1036 (D.P.R. 1985).	Act No. 80, 29 L.P.R.A. § 185a–i, provides that if an employee hired for an indefinite period is discharged "without cause," the employer shall be liable for an indemnity based upon the length of the employee's service.

State	Exception	Case Law	Scope of Policy
PUERTO RICO (*cont.*)	No Implied-Contract Exception	*Vargas v. Royal Bank of Canada*, 604 F. Supp. 1036 (D.P.R. 1985).	The statutory remedy is exclusive; a dismissal in violation of express policies does not give rise to a suit for breach of contract.
RHODE ISLAND	No Exceptions	*Rotondo v. Seaboard Foundry, Inc.*, 440 A.2d 751 (R.I. 1981); *Brainard v. Imperial Mfg. Co.*, 571 F. Supp. 37 (D.R.I. 1983).	An employment contract for an indefinite period is terminable by either party at will. Rhode Island courts have not recognized contract or tort exceptions. A public policy exception was rejected in the case of an employee terminated in retaliation for giving testimony against his employer in a personal injury suit.
SOUTH CAROLINA	Public-Policy Exception	*Ludwick v. This Minute of Carolina, Inc.*, 287 S.C. 219, 337 S.E.2d 213 (1985).	The court invoked the public policy exception when an at-will employee was discharged in retaliation for honoring a subpoena to appear before the state employment security commission.
	Possible Implied-Contract Exception	*Jones v. Gilstrap*, 288 S.C. 525, 343 S.E.2d 646 (S.C. Ct. App. 1986).	Employee alleged that a personnel policy promulgated by the county was made a part of her employment agreement and limited the employer's ability to discharge her. Because the complaint did not include the pertinent provisions of the handbook or policies and did not incorporate these documents, the court held that the conclusory allegations did not state a cause of action.
SOUTH DAKOTA	Implied-Contract Exception	*Osterkamp v. Alkota Mfg., Inc.*, 332 N.W. 2d 275 (S.D. 1983); *Hopes v. Black Hills Power & Light Co.*, 386 N.W.2d 490 (S.D. 1986).	A plaintiff has a cause of action for wrongful discharge when the employer failed to follow its own terminational rules as stated in the employee handbook. However, when there is no contract for a specified term, and when the plaintiff is unable to refer to any employer procedures for disciplining or terminating employees, the employment is terminable at will.
	Exception By Statute	*Goodwyn v. Sencore, Inc.*, 389 F. Supp. 824 (D.S.D. 1975).	An employee is presumed to have been hired for such time as the parties adopt for the estimation of wages. (S.D. Codified Laws Ann. § 60-1-3). The court held that an employee hired at an annual salary of $15,000 was wrongly discharged where the employee had not been previously told that his employment was subject to a four-week probationary period.

State	Exception	Case Law	Scope of Policy
TENNESSEE	Public-Policy Exception	*Clanton v. Cain-Sloan Co.*, 677 S.W. 2d 441 (Tenn. 1984); *Watson v. Cleveland Chair Co.*, 122 L.R.R.M. 2076 (Tenn. Ct. App. 1985).	The Tennessee Supreme Court recognized an exception to the at-will doctrine in the case of retaliatory discharge for filing a worker's compensation claim. The court implied a remedy in order to carry out the intent of the legislature. A lower court extended this holding and held that a cause of action for retaliatory discharge exists when an at-will employee is terminated solely for refusing to participate, continue to participate, or remain silent about illegal activities.
	Probably No Implied-Contract Exception	*Whittaker v. Care-More, Inc.*, 621 S.W.2d 395 (Tenn. Ct. App. 1981). *But see Adcock v. Firestone Tire & Rubber Co.*, 616 F. Supp. 409 (M.D. Tenn. 1985).	There is a strong policy in favor of the employment-at-will doctrine, and Tennessee courts have found that implied terms in an employee handbook cannot vary express language in an employment application that the employment is at-will. However, one court has held that the severance pay provisions in an employee handbook were binding terms of the parties' contractual agreement.
	No Good-Faith Covenant Exception	*Whittaker v. Care-More, Inc.*, 621 S.W.2d 395 (Tenn. Ct. App. 1981).	The court held that any change in the at-will rule, such as recognizing the good-faith covenant exception, is a prerogative that lies with the state supreme court or the legislature.
TEXAS	Public-Policy Exception	*Sabine Pilot Service, Inc. v. Hauck*, 687 S.W.2d 733 (Tex. 1985); *Texas Steel Co. v. Douglas*, 553 S.W.2d 111 (Tex. Civ. App. 1976).	An employee was discharged for allegedly refusing to pump bilge water in violation of environmental protection laws. The court recognized a narrow exception to the traditional at-will doctrine for employees discharged for the sole reason of refusing to perform an illegal act. There is also a statutory exception protecting employees who file worker's compensation claims.
	No Implied-Contract Exception	*Reynolds Mfg. Co. v. Mendoza*, 644 S.W.2d 536 (Tex. Ct. App. 1982).	The court rejected a discharged at-will employee's contention that employee handbook provisions were implied contract terms.
UTAH	No Public-Policy Exception	*Amos v. Corp. of the Presiding Bishop*, 594 F. Supp. 791 (D. Utah 1984), *citing Bihlmaier v. Carson*, 603 P.2d 790 (Utah 1979).	Several discharged employees contended that their firing for religious reasons violated the compelling national policy against religious discrimination. The court concluded that Utah does not recognize any exceptions to the terminable-at-will doctrine.

State	Exception	Case Law	Scope of Policy
UTAH (*cont.*)	Possible Implied-Contract Exception	*Moore v. Utah Technical College*, 727 P.2d 634 (Utah 1986); *Rose v. Allied Development Corp.*, 719 P.2d 83 (Utah 1986); *Piacitelli v. Southern Utah State College*, 636 P.2d 1063 (Utah 1981).	An employee's contractual rights can be unilaterally modified when those rights arise out of an employer's policy and procedure manual incorporated into the employee's contract. Whether such a modification to the contract actually occurs would depend on whether contractual changes were intended. Subjective understandings or expectations are not enough.
VERMONT	No Public-Policy Exception	*Jones v. Keogh*, 137 Vt. 562, 409 A.2d 581 (1979).	The court declined to recognize a public-policy exception to the at-will rule where a discharged employee alleged that she was terminated for asserting her rights to vacation time and sick leave.
	Implied-Contract Exception	*Sherman v. Rutland Hospital, Inc.*, 146 Vt. 204, 500 A.2d 230 (1985); *Larose v. Agway, Inc.*, 508 A.2d 1364 (Vt. 1986).	Even in the absence of a contract for a definite term, an employer and an employee may contractually bind themselves to certain termination procedures. A jury could find that the parties agreed to incorporate into their contract the terms of an employee manual. However, a unilaterally implemented personnel manual, if it is not bargained for by the employees, does not constitute an enforceable contract.
VIRGINIA	Public-Policy Exception	*Bowman v. State Bank of Keysville*, 229 Va. 534, 331 S.E.2d 797 (1985).	A bank employee and shareholder was allegedly threatened with termination by his employer who wanted the employee to vote in favor of a merger. The court found a public policy violation in a state securities law permitting shareholders to vote stock freely.
	Implied-Contract Exception	*Thompson v. American Motor Inns, Inc.*, 623 F. Supp. 409 (W.D. Va. 1985); *Barger v. General Electric Co.*, 599 F.Supp. 1154 (W.D. Va. 1984).	The presumption that employment is at-will may be rebutted by evidence that the parties intended to modify the at-will relationship. Federal courts, applying Virginia law, have held that it is a question for the trier of fact whether the provisions in an employee manual can become binding on the employer.

State	Exception	Case Law	Scope of Policy
WASHINGTON	Public-Policy Exception	*Thompson v. St. Regis Paper Co.*, 102 Wash. 2d 219, 685 P.2d 1081 (1984).	A discharged at-will employee alleged he was terminated for instituting an accurate accounting program in compliance with the antibribery provisions of the Foreign Corrupt Practices Act of 1977. In ruling in favor of the employee, the court held that an employee may maintain an action in tort for wrongful discharge where the termination contravenes a clear mandate of public policy.
	Implied-Contract Exception	*Thompson v. St. Regis Paper Co.*, 102 Wash. 2d 219, 685 P.2d 1081 (1984).	An employer who issues an employee manual is obligated to act in accordance with the assurances of job security and fair treatment contained therein.
	No Good-Faith Covenant Exception	*Thompson v. St. Regis Paper Co.*, 102 Wash. 2d 219, 685 P.2d 1081 (1984).	The court declined to adopt the good-faith covenant exception to the at-will rule because it does not strike the proper balance between an employer's interest in running his business as he sees fit and the employee's interest in maintaining his employment.
WEST VIRGINIA	Public-Policy Exception	*Conaway v. Eastern Associated Coal Co.*, No. 16969, slip op. (W. Va. Dec. 9, 1986); *Harless v. First National Bank in Fairmont*, 162 W. Va. 116, 246 S.E. 2d 270 (1978); *Thomas v. Kroger Co.*, 583 F. Supp. 1031 (S.D. W. Va. 1984).	A public-policy exception has been recognized where an employee was terminated in retaliation for his efforts to get a bank to comply with consumer credit laws, for filing a claim under the state worker's compensation statute, and to prevent eligibility for long-term disability benefits.
	Implied-Contract Exception	*Cook v. Heck's, Inc.*, 342 S.E.2d 453 (W. Va. 1986).	The at-will status can be contractually modified by the parties. An employee handbook may form the basis of a unilateral contract if there is a definite promise by the employer not to discharge covered employees except for specified reasons.
WISCONSIN	Public-Policy Exception	*Brockmeyer v. Dun & Bradstreet*, 113 Wis. 2d 561, 335 N.W.2d 834 (1983).	An at-will employee may maintain an action for wrongful discharge when the termination is contrary to a fundamental and well-defined public policy but declined to apply this rule where the employee had state and federal remedies under which she could pursue her sexual harassment claims.

State	Exception	Case Law	Scope of Policy
WISCONSIN (*cont.*)	Implied-Contract Exception	*Ferraro v. Koelsch*, 124 Wis. 2d 154, 368 N.W.2d 666 (1985).	An employee handbook may convert an employment-at-will relationship into one that can be terminated only by adherence to contractual terms in the handbook.
	No Good-Faith Covenant Exception	*Brockmeyer v. Dun & Bradstreet*, 113 Wis. 2d 561, 335 N.W.2d 834 (1983).	Wisconsin does not recognize the doctrine that a discharge made in bad faith justifies an employee's claim for breach of contract.
WYOMING	Possible Public-Policy Exception	*Allen v. Safeway Stores, Inc.*, 699 P.2d 277 (Wyo. 1985).	The court declined to recognize a judicial exception, stating that if there exists another remedy for violation of the social policy which results in the employee's discharge, there is no need for a court-imposed separate tort action. The court held that the employee's claim for sex discrimination and sexual harassment could be pursued under the state Fair Employment Practices Act.
	Implied-Contract Exception	*Leithead v. American Colloid Co.*, 721 P.2d 1059 (Wyo. 1986); *Mobil Coal Producing, Inc. v. Parks*, 704 P.2d 702 (Wyo. 1985).	An at-will relationship can be modified by an employee handbook, even if the handbook is given to the employee after his employment has begun. While not all employee handbooks may contain provisions which negate employment-at-will, specific promises that an employee will only be discharged for cause are enforceable.
	Possible Good-Faith Covenant Exception	*Mobil Coal Producing, Inc. v. Parks*, 704 P.2d 702 (Wyo. 1985). (Rose, J., concurring).	While the Wyoming Supreme Court has not expressly recognized the covenant, it has been willing to consider the circumstances surrounding at-will employment contracts.

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